



PERMIT FOR GAS DRILLING AND PRODUCTION

The City of Arlington hereby issues permission to conduct gas drilling and completion activities associated with the well(s) identified below.

This Gas Drilling and Production Permit shall be posted in a conspicuous place on the drill site and shall not be removed without prior permission of the Gas Well Inspector. This permit shall be presented to the Gas Well Inspector or any City official upon request. The terms and provisions of the "Gas Drilling and Production" Chapter of the Code of the City of Arlington, as amended, are incorporated into this Gas Drilling and Production Permit as if written word for word herein and shall be considered terms and conditions of this Permit.

Permit Issued to:

Operator Chesapeake Operating, Inc

Agent to Receive Notice Dusty Anderson

Mailing Address 100 Energy Way

City Fort Worth State Texas Zip 76102

Work Phone (817) 502-5000 Mobile Phone () E-mail dusty.anderson@chk.com

Well Name(s): Escalade 4H, 5H, 6H, 7H, 8H

Property Description: Tract 1A1 of the M. Harris Addition

Address: 2525 Abram Street, Arlington, Texas 76010

Parcel and Production Unit: Escalade Unit

RRC Permit Number: 700375, 700376, 700378, 700379

Permit(s) is/are issued pursuant to the "Gas Drilling and Production" Chapter of the Code of the City of Arlington, as amended, (Ordinance Number 10-012); and the approved zoning, gas well resolution, and any associated stipulations made by City Council.

Comments:

Approved 8-0-0 Resolution Number 10-344 (GMDrill site)
X Magnesium chloride to be placed on the driveway.

Fee	Receipt or Check No	Gas Well Permit No(s)	CC approval date
<u>72,500</u>	<u>2339-9783 to</u>	<u>BW10-88 to BW10-92</u>	<u>11.16.2010</u>

14,500.00
2339-9787
[Signature]
Building Official

12/01/2010
Date

Separate permits from the Community Development and Planning Department are required for building, mechanical, electrical, fire, concrete, walls/fencing, and plumbing.

The issuance of this permit shall not be construed as a permit to violate any provision of the Code of the City of Arlington, Texas or of the previously approved requirements, and associated site plan, identified in Zoning Case SUP 07-03, approved 5/22/07, and Gas Well Resolution _____, approved _____.

Dusty Anderson
Operator's Signature

8/18/10
Date

Dusty Anderson
Printed Name

Note: Submit an electronic, color copy of a completed permit that is signed and notarized by the operator. Once issued, an electronic copy will be returned to the Operator. Page 3, Permit Stipulations, will be added at time of issuance.

INDEMNIFICATION AND EXPRESS NEGLIGENCE PROVISIONS:

Each gas well permit issued by the inspector shall include the following language:

OPERATOR DOES HEREBY EXPRESSLY RELEASE AND DISCHARGE, ALL CLAIMS, DEMANDS, ACTIONS, JUDGMENTS, AND EXECUTIONS WHICH IT EVER HAD, OR NOW HAS OR MAY HAVE, OR ASSIGNS MAY HAVE, OR CLAIM TO HAVE, AGAINST THE CITY OF ARLINGTON, AND/OR ITS DEPARTMENTS, AGENTS, OFFICERS, SERVANTS, SUCCESSORS, ASSIGNS, SPONSORS, VOLUNTEERS, OR EMPLOYEES, CREATED BY, OR ARISING OUT OF PERSONAL INJURIES, KNOWN OR UNKNOWN, AND INJURIES TO PROPERTY, REAL OR PERSONAL, OR IN ANY WAY INCIDENTAL TO OR IN CONNECTION WITH THE PERFORMANCE OF THE WORK PERFORMED BY THE OPERATOR UNDER A GAS WELL PERMIT. THE OPERATOR SHALL FULLY DEFEND, PROTECT, INDEMNIFY, AND HOLD HARMLESS THE CITY OF ARLINGTON, TEXAS, ITS DEPARTMENTS, AGENTS, OFFICERS, SERVANTS, EMPLOYEES, SUCCESSORS, ASSIGNS, SPONSORS, OR VOLUNTEERS FROM AND AGAINST EACH AND EVERY CLAIM, DEMAND, OR CAUSE OF ACTION AND ANY AND ALL LIABILITY, DAMAGES, OBLIGATIONS, JUDGMENTS, LOSSES, FINES, PENALTIES, COSTS, FEES, AND EXPENSES INCURRED IN DEFENSE OF THE CITY OF ARLINGTON, TEXAS, ITS DEPARTMENTS, AGENTS, OFFICERS, SERVANTS, OR EMPLOYEES, INCLUDING, WITHOUT LIMITATION, PERSONAL INJURIES AND DEATH IN CONNECTION THEREWITH WHICH MAY BE MADE OR ASSERTED BY OPERATOR, ITS AGENTS, ASSIGNS, OR ANY THIRD PARTIES ON ACCOUNT OF, ARISING OUT OF, OR IN ANY WAY INCIDENTAL TO OR IN CONNECTION WITH THE PERFORMANCE OF THE WORK PERFORMED BY THE OPERATOR UNDER A GAS WELL PERMIT. THE OPERATOR AGREES TO INDEMNIFY AND HOLD HARMLESS THE CITY OF ARLINGTON, TEXAS, ITS DEPARTMENTS, ITS OFFICERS, AGENTS, SERVANTS, EMPLOYEES, SUCCESSORS, ASSIGNS, SPONSORS, OR VOLUNTEERS FROM ANY LIABILITIES OR DAMAGES SUFFERED AS A RESULT OF CLAIMS, DEMANDS, COSTS, OR JUDGMENTS AGAINST THE CITY, ITS DEPARTMENTS, ITS OFFICERS, AGENTS, SERVANTS, OR EMPLOYEES, CREATED BY, OR ARISING OUT OF THE ACTS OR OMISSIONS OF THE CITY OF ARLINGTON OCCURRING ON THE DRILL SITE OR OPERATION SITE IN THE COURSE AND SCOPE OF INSPECTING AND PERMITTING THE GAS WELLS INCLUDING, BUT NOT LIMITED TO, CLAIMS AND DAMAGES ARISING IN WHOLE OR IN PART FROM THE NEGLIGENCE OF THE CITY OF ARLINGTON OCCURRING ON THE DRILL SITE OR OPERATION SITE IN THE COURSE AND SCOPE OF INSPECTING AND PERMITTING THE GAS WELLS. IT IS UNDERSTOOD AND AGREED THAT THE INDEMNITY PROVIDED FOR IN THIS SECTION IS AN INDEMNITY EXTENDED BY THE OPERATOR TO INDEMNIFY AND PROTECT THE CITY OF ARLINGTON, TEXAS AND/OR ITS DEPARTMENTS, AGENTS, OFFICERS, SERVANTS, OR EMPLOYEES FROM THE CONSEQUENCES OF THE NEGLIGENCE OF THE CITY OF ARLINGTON, TEXAS AND/OR ITS DEPARTMENTS, AGENTS, OFFICERS, SERVANTS, OR EMPLOYEES, WHETHER THAT NEGLIGENCE IS THE SOLE OR CONTRIBUTING CAUSE OF THE RESULTANT INJURY, DEATH, AND/OR DAMAGE.

Dusty Anderson
Operator's Signature

8/18/10
Date

Dusty Anderson
Printed Name

BEFORE ME, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared Dusty Anderson, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he/she executed same for the purposes and consideration therein expressed as the act and deed of Chesapeake, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 18th day of August, 2010.

J. M. Giff
Notary Public In and For The State of Texas

My Commission Expires: 1/29/13

GM Drill Site Permit Stipulations

1. A sign will be displayed at the gate stating the well number, the name and number of the operator, the emergency 911 number, and the telephone numbers of two contacts.
2. Prior to permitting, Chesapeake reported to the City the pre-drilling ambient noise level and will agree not to create any noise which causes the exterior noise level to exceed the ambient noise level by more than 5dBA during daytime hours, 3dBA during nighttime hours, and 7dBA during fracing operations. A 24-hour pre-drilling sound level survey was performed at the GM Drill Site from August 17 to 18, 2009. On-site noise monitors recorded the ambient noise level and established the 24-hour average sound level at 59.1 dBA. During drilling, the allowable nighttime sound level is 62.1 dBA and the allowable daytime sound level is 64.1 dBA. Fracing operations shall not exceed a 66.1 dBA noise level.
3. The applicant proposes to enter into an Agreement with the City to lease a water meter, hook it up to a nearby fire hydrant, and purchase approximately four million gallons of water per well. The approved water site plan limits the rate of withdrawal to a maximum of 800 gallons per minute.
4. The transportation route to the GM Drill Site will commence at the intersection of State Highway (SH) 360 and East Abram Street. From this intersection, travel west approximately 0.72 miles north to GM Gate 11. Follow the access road to the GM plant and the drill site access road will be on the left immediately before the check-in gate. Reverse the direction to exit the site.
5. After completion of all wells, a solid masonry wall will enclose all completed wells and tanks located within the operation site.
6. Site development, other than drilling, shall be conducted only between the hours of 6:00 a.m. and 7:00 p.m., unless approval is obtained by the City.
7. A secured entrance gate containing a Knox-Box keybox or pad lock or equivalent is required. All gates are to be kept locked when the Operator or his employees are not within the enclosure. Barbed wire fencing is not permitted below a point six feet above the surrounding grade. The well heads and site equipment shall be surrounded by a six-foot chain link fence having a gate and lock. This required fence can either surround the entire site or be placed around the individual equipment areas. Secure fencing is required at all times the Operator or his employees are not on-site once drilling operations commence.